

Eastern Capital and Western Mines.

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How the Former May Be Attracted to the Development of the Latter

One of the interesting and profitable papers read at the recent session of the American Mining congress, held at El Paso, was that by Frank E. Wire of Libertyville, Ill., on "The Attitude of Eastern Capital Toward Western Mining Enterprises During Development, and How to Attract It." The paper is reproduced herewith.

The subject under consideration seems to be one of vital importance to all of us. Any practical knowledge and audited observation that will bring eastern capital and the western mining enterprises together in their development stage, help them to better understand each other and appreciate each other more, is well worth our while.

The mining veteran more than any other factor has given to the world the great west, with all of its wonderful possibilities and opportunities. Truly you were the advance agents of civilization. You did much to cherish and foster the spirit of western progress and development, imbuing in young men the desire to go west, and when they could not go, they sent their money to you. Western opportunity offers to eastern capital the means by which both may grow stronger and more useful to all mankind.

By eastern capital I mean all the sources from which eastern money is raised to aid in developing western enterprises, such as mines, railroads, irrigation propositions and the like. It seems that heretofore there has been a great gulf of misunderstanding and lack of confidence between the western opportunities for investment and eastern money. My desire, therefore, is that my experience and observation may help to pave the way for a better understanding between the promoter, miner and the investor on the one hand, and the investor and general public on the other.

Three Classes of Investors.

For convenience sake, I will divide the people who contribute to these western propositions into three general classes: First, the capitalist; second, the well-to-do investor; and third, the small investor.

The ordinary capitalist is the hardest man to interest in new mining propositions. He is liable to be critical regarding conditions generally.

The capitalist has many opportunities. New enterprises seek money, more than money seeks enterprises. Of course it is impossible for a moneyed man to have the time to consider the merits of anywhere near all of the new propositions of the west. As a rule, men prefer to concentrate their investments. Ordinarily they associate themselves with their kind. To the capitalist is left the necessity of promoting and financing the larger

schemes, such as railroads, big mines, smelters, ship-building, irrigation, etc. The well-to-do investor is usually a progressive man, a politician or salaried man who has more funds than he needs in his business or vocation and consequently has a small surplus for miscellaneous investment.

Generally he is alert to opportunities and is ready to consider new western propositions, when handled by a reliable party. As a rule there is very little of the plunger in him, and not much of the speculator. He is not as critical as his richer brother, is more easily approached and likely to be more reasonable.

So far as I have data, I believe the well-to-do investor furnishes the most money for the great bulk of ordinary mining propositions that are not in a close or semi-close corporation. This class of investors furnish the brains and shrew of our best mining propositions in their development stage.

The small investor, while in a class of his own, is worthy of our attention. He is a person whose opportunities along the investment line are limited.

In consideration of his financial limitations he must invest in a small way. On account of the smallness of his investments, this type of investor is frequently not as careful as he should be. He is quite inclined to follow some more prominent man's lead and invest because "Mr. So-and-So did."

Small Stockholder.

The real small investor does not, as a common thing, hold large enough interest to make him the support to a proposition that a larger stockholder would be. Thus it frequently happens that a company composed of the smallest stockholders has some trouble in having as large a representation at the stockholders' meetings as they should have. The characteristic small stockholder is likely to buy without mature deliberation and he often is the first one to grow impatient. The more conservative element of this class of small investor is a source of support and strength to any western mining corporation. But the thoughtless, unstable variety is an element of weakness to any proposition. The right sort of a small investor is very desirable, and with the other classes, conduces to the good of any enterprise.

The attitude of eastern capital toward western enterprises during development stage is not what it should be. This, however, is positively and noticeably changing for the better. The campaign of education which wholesome mining papers and journals are carrying on is working wonders in changing the attitude of money toward western mining enterprises. Their work so well begun strikes at the root of the evil.

Fakes Being Driven Out.

Under the common sense campaign of educating the investing public a



FRANK E. WIRE.

large proportion of the fake promoters have had to quit business, for they cannot stand the searchlight of truth, honor and decency that is being turned onto them.

Under the dawn of the new order of things the public generally is looking upon mining prospects and all western enterprises in a far more favorable light. The splendid industry of mining has waited long for a vindication and clean bill of health from the eastern investor.

I am thrilled with delight as I see

prejudice against legitimate mining melting away. Only a few years ago a promoter in the east was considered a specimen of shyster, and the name promoter carried with it a certain amount of odium. Now the public is beginning to realize that promoters, next to the actual pioneers of these various undeveloped propositions, are entitled to a share of credit in the development of the great west. Clean, legitimate promoters are a very necessary medium between western opportunity and eastern capital.

By driving out of the field of activity the questionable promoter, the victory for the western mining prospect is half won. With a department of mines and mining in full operation, public sentiment will mould and rapidly crystallize into more favorable attitude toward all western propositions in the development stage.

Clean Promoters Needed.

The fight for honest and clean promotion, in which we have enlisted in behalf of the American people, will do much to bring about the creation of a department of mines, with its official head a member of the president's cabinet. It appeals to the eastern capitalist. There is no disguising the fact that the east is suffering from too much fake promotion and wildcatting. While the fakers are much scarcer, still there is "poison in the system," and it will take time to effect a permanent cure.

While there are many and unmistakable signs of a more favorable attitude, we must take conditions as we find them, and not as we would like them.

It is gratifying to see the change in public sentiment toward mining, and the mining promoter. There is a tendency now toward letting every new proposition rest on its merits. The spirit of investigation is spreading among people with money. Investing in mining is no longer looked upon as a gamble, but a legitimate business proposition. People do not invest "on the sly" as formerly, because it is no longer looked upon as a questionable act. Summed up, the attitude of eastern capital seems to be, "We believe you guilty, but you may stand on your merits. We will give you a fair trial." The desire to be shown isn't a bad thing, for if you can prove your proposition the public will stand by you.

How to Secure Backing.

Lastly, how to interest capital.

A proposition seeking the aid of capital should be truly meritorious; it should be founded on principles and conditions that will win. If a prospect, it ought to be one where the chances of making a pay mine are excellent, and the proposition should be capitalized on a conservative basis. There should be no evidence of graft, waste or extravagance on the part of those in charge of any mining corporation.

To ignore these common sense, fundamental essentials is to court disaster and failure.

In this day and age it is useless to go before the intelligent investing public and try to beguile and mystify on these pre-organization facts and conditions. Any equivocation on the part of an officer or manager on these vital points is justly construed against them.

The several varieties of investors are perfectly willing that the prospector and promoter shall receive a fair and even liberal compensation for actual services rendered. I have always found the public to be exceedingly reasonable along this line. The public has a right to know the whole truth on these matters. The old line promoter who used to get from 300,000 shares to half the capitalization of a mining, exploration or other company, for a few indefinite and simple services has no chance now. There is very little hope for a proposition that is not shaped up on a reasonable basis.

For clean, progressive promoters who are determined to start right and keep right on any proposition they attempt to finance and who will stay by it until it is in shape, there is a big field, with reasonable assurances of success.

Officing the Company.

After the right sort of a prospect has been chosen for financing, care should be taken with the organization of the company. Officers should be selected who are honest and capable, and are so situated that they can and will give the company's affairs their careful attention. Too many officers give only the odds and ends of their time to their duties. The board of directors of any company should be large. The investor reasons that too small a board does not look well, and that cheap politics and trickery are liable to be played.

With a proposition ready to take subscriptions from the public, a thorough report on the property should be obtained from some mining engineer of standing and reputation. This should be supplemented by conclusive evidence as to the title to the property. Never forget that it always pays to thoroughly satisfy the public as to the title of your property, whatever that title is, as well as to demonstrate its value and advantageous location.

Tell the Truth.

After having taken care of the matter of property, incorporation, organization, title and references, you are ready for your stationery and literature. It always pays to get good stationery. The prospectus and other printed matter should be printed on a good quality of paper, and care should be taken in writing your prospectus. Always be plain spoken. Say what you mean and always mean what you say. Avoid any and all forms of exaggeration. To exaggerate is the most unprofitable sin you can commit. Sincerely avoid anything that smacks of the bragado. Don't cater to people's imagination. If they want to pipe-dream, let them do it themselves. Any attitude that caters to the galleries and apes the spectacular never pays. You may ask, "What may we do with profit?" I'll tell you. Advertise all you wish. Put your best foot forward. Publish mining statistics. Publish all the facts that will do you good. Publish letters and statements from reliable sources regarding your proposition. Meet the public, talk with them as man to man on the same level. Don't appear wonderfully important just be natural, and exercise patience at the little knowledge some people show in mining matters. Don't promise dividends. If you do, nine times out of ten you will fail. Shun "guaranteed dividend" schemes of all kinds. Even "guaranteed stock" plans do more harm than good. Any company that pays dividends while selling its own treasury stock is committing business suicide, as on its face it is dishonest. Explain the necessity of selling stock below par in order to get the development funds to explore and develop the property. Show them how this is nearly always done. Show how money is high and scarce in a new western country. Demonstrate how there are ten opportunities out west where there is money enough for one. If you have the right kind of officers and a strong directorate that is the best talking capital you could have. You can use this fairly and honorably to convince the investor of a square deal.

When Victory is Won.

When you can convince capital that you are fair and honest, that everything is on the level, your victory is half won. A large per cent of investors will at once invest if satisfied on this point.

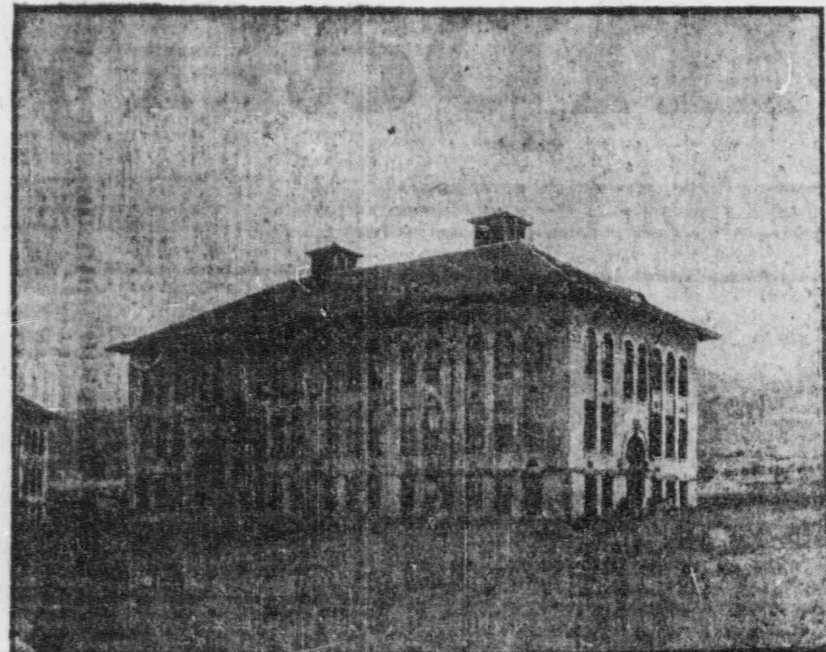
Personally, I have great faith in and have always found successful the policy of excursions to the "front," where your property is located. This acquaints prospective stockholders with all the actual conditions, and they each act as a sort of missionary when they return. Always, however, insist that they bring with them a disinterested expert to whom they can turn for advice. I have always found arguments by photographs very convincing and satisfactory.

The policy of placing the stock on the market at a low figure secures a goodly number of stockholders early in the development. This will be of advantage later on when the stock is higher. My observation and experience teach me that it is pretty hard to interest capitalists in a western enterprise in the development stage, unless you get them in while the stock is low. A good way is to take a few thousand with ample money, and if the proposition shows up all right you have a good chance to secure funds enough for all immediate needs.

Let's Have a Sample of It.

(New York Herald.)
Secretly show us for an elastic currency. Most of us could use it now if it could be stretched to cover Christmas.

THE UNIVERSITY OF UTAH



LIBRARY BUILDING.

installed and will soon be ready for use. One of the best hydraulic laboratories in the country is now under way of construction which will be ready during the second half of the school year. The new large dynamo laboratory with its up to date electrical machinery will shortly be ready for laboratory practice. The much needed additional chemical laboratories are nearly ready for students. Improvements of great convenience and importance have been made in the departments of geology and mineralogy. All the work and the laboratories in this school are of an unusually practical character.

The State Normal School is always abreast of the times, ranking among the foremost normal schools

The University of Utah including three important state educational institutions is by law at the head of the public school system of the state. Since its removal to the present site, which took place five years ago, it has rapidly grown, and is fast becoming known throughout the United States as a very progressive and thorough educational institution.

The University has been compelled to have a preparatory department connected with it as most universities in the western states have on account of lack of high schools. However, as the counties and cities in different parts of the state are beginning to establish high schools the University is beginning to eliminate its preparatory school. This year the first year of the preparatory school has been eliminated. Sooner or later as the high schools throughout the state become ready to meet the entrance requirements of the University the entire preparatory school will be eliminated.

The University includes, besides the ordinary departments and schools of a university, the State School of Mines and the State Normal School. It is rapidly growing in all its departments. Up to date 942 students have been registered this year, a much larger number than last year, and yet the first year of the preparatory has been eliminated. In the arts and science school enough basic work is done in biology and allied subjects to enable stu-

dents in two years to graduate from leading medical schools and also enough work in law is given to enable students to graduate from the leading law schools in two years. These provisions in the arts and science school meet the demands of many young men of the state with great satisfaction, saving a great deal of expense especially to those who aim to complete medical and law courses finally in some eastern or western schools. Arrangements have already been made with some medical and law schools to accept the basic work done here toward graduation in these schools.

Men of ability and good facilities are provided to give excellent instruction in chemistry, physics, biology, history, literature, philosophy, languages, mathematics, geology, mineralogy, law, music, art, elocution and the elements of law.

Soon after the holidays the gymnasium will be so far toward completion that it can be used for physical educational purposes and meet one of the most urgent needs of young men and young women of the state.

The State School of Mines is fast forging to the front. With its extended laboratories and increased facilities provided for by the last legislature it is able to give unusually practical courses in mining, electrical, mechanical, civil and chemical engineering. In the metallurgical plant the fine concentrator exhibited both at the St. Louis and Portland fairs is just being



SURVEYING CLASS.

of the country. The state can certainly be congratulated upon its achievements.

The magnificent site of the University attracts the attention of all who visit it. President Angell of the University of Michigan when, here on a visit and addressing the students, said it was one of four in the world. Although it is contiguous to Salt Lake City it is situated on an eminence near the foot of the Wasatch mountains, out of the dust and smoke of the city. Its surrounding atmosphere is pure and invigorating, laden with more or less ozone, common in the unsettled parts of country regions. Its surroundings are therefore necessarily conducive to good health.

REAR VIEW UNIVERSITY OF UTAH BUILDINGS.

UNIVERSITY of UTAH

SALT LAKE CITY.

The Head of the Public School System of the State.

THE UNIVERSITY INCLUDES:

The School of Arts and Sciences,

The State School of Mines, The State Normal School

The School of Arts and Sciences offers a wide choice of subjects leading to a broad and liberal education.

The School of Mines gives four year courses in Mining, Civil, Mechanical, Electrical and Chemical Engineering.

The shops and laboratories are splendidly equipped, and the surrounding mines and smelters of various kinds, afford exceptional advantages for thorough and practical work in all these courses.

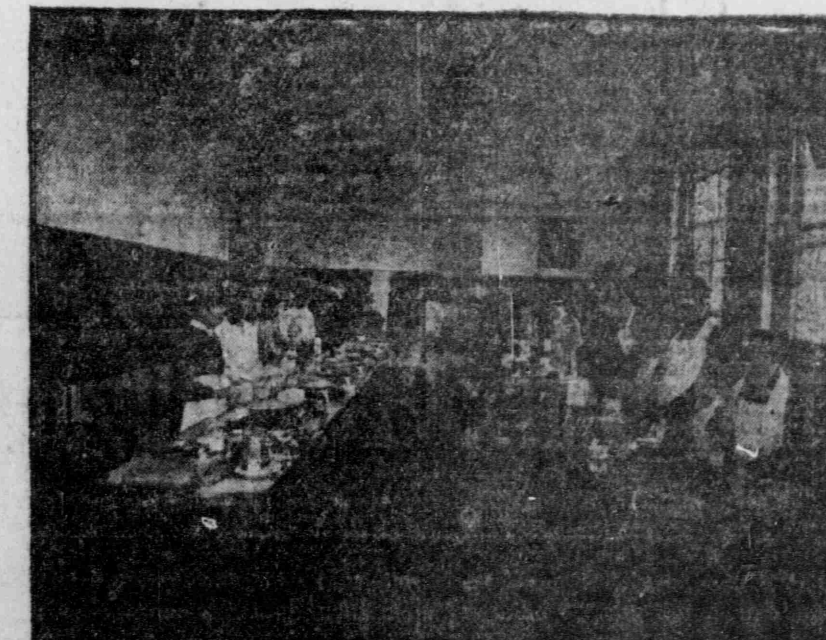
Study mining in a mining country.

The State Normal School is praised for the excellence of its work by leading educators in the United States. It provides normal and kindergarten training, and also college normal courses. Manual Training and Domestic Science are features of the Normal School.

Expenses are low. No tuition is charged, but an annual registration fee of ten dollars is required.

The University offers excellent advantages for a broad, liberal and practical education.

Catalogue free upon request.



DOMESTIC SCIENCE TRAINING SCHOOL.

MANUAL TRAINING NORMAL SCHOOL.